



**SRECTrade**

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PA PUC  
SECRETARY'S BUREAU

February 05, 2018

SENT VIA ELECTRONIC MAIL

M-2017-2631527

RE: SRECTrade, Inc.'s comments on Pennsylvania Public Utility Commission's proposed interpretation and implementation of Section 11.1 of Act 40 of 2017

To the Pennsylvania Public Utility Commission,

As of January 17, 2018, the amount of energy derived from solar Alternative Energy Sources (AESs) eligible to fulfill the Alternative Energy Portfolio Standard (AEPS) compliance obligations of all Electric Distribution Companies (EDCs) and Electric Generation Suppliers (EGSs) totaled 1,694.0 MW Direct Current (DC). Specifically, 310.9 MW DC are from solar AESs located in Pennsylvania, while 1,383.1 MW DC are from solar AESs outside of Pennsylvania. The current Pennsylvania AEPS has set the goal of 0.50% of renewable energy from solar by reporting year 2021. Based on current state electricity load served, flat electricity load growth, and the 0.50% AEPS requirement in 2021, SRECTrade estimates that approximately 605.5 MW DC of solar capacity will be needed to satisfy the 2021 solar Alternative Energy Credit (AEC) requirement. Given the current 1,694.0 MW DC of eligible solar AESs, if the Commission continues to allow energy to be derived from solar AESs both inside and outside of Pennsylvania, the market will continue to be oversupplied for the foreseeable future. Conversely, if the Commission only retains in state systems, the current solar AEC requirements would require new solar assets to be built to meet the AEPS goals, promoting solar industry growth within the state of Pennsylvania.

In Section 2804(2)(i), the Commission proposes to grandfather all in state and out of state solar photovoltaic (PV) AESs certified before October 30, 2017. If the Commission chooses to interpret this section differently and existing out of state systems are de-certified, SRECTrade recommends that all existing AECs already issued by the PJM GATS tracking registry, at the time of decision, and in circulation should retain their existing Pennsylvania Solar AEC eligibility. These are critical components to maintain the integrity of the market, as participants must be confident that any AEC issued by the PJM GATS tracking registry will be eligible for AEPS compliance. We recommend the Commission designate a future date for when grandfathered solar PV AESs would no longer qualify to generate solar AECs. The future date should be after the Commission has issued its final Order. This will allow market participants to prepare for the de-certification of assets.

Currently, there are no clauses in Act 40 or the Tentative Implementation Order that address the situation for when an out of state solar PV AES increases in size, i.e. increases in nameplate kilowatt capacity. Once the Commission reaches a final interpretation of Act 40, the Commission should be sure to address how future nameplate kilowatt capacity increases for eligible AES projects will be treated under the AEPS.

Regarding Section 2804(2)(ii), SRECTrade supports the Commission's proposed interpretation of the subsection pertaining to "binding written contract for the sale and purchase of AECs derived from a solar PV source was entered into prior to October 30, 2017". Furthermore, SRECTrade supports the proposed conditions and the limitations for the durations of a contract.

SRECTrade supports the Commission's proposal to permit solar AESs located outside of Pennsylvania "to be certified as Tier I non-solar alternative energy resource(s) eligible to be used by EDCs and EGSs to meet the Tier I non-solar requirements". Furthermore, if the Commission elects to de-certify out of state solar assets from the AES they should



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retain their Tier I certification. This would avoid the administrative burden of applying for a Tier I certification for a second time.

Please do not hesitate to contact SRETrade, Inc. with questions regarding the submitted comments.

Thank you,

A handwritten signature in black ink, appearing to read "Nancy Strahan".

Nancy Strahan | Manager of Renewable Energy Administration | SRETrade, Inc.



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